

STATEMENT OF COUNCILMEMBER GEORGE LEVENTHAL  
REGARDING THE MUSIC CENTER AT STRATHMORE  
February 10, 2004

The HHS Committee yesterday voted unanimously to renegotiate the county's lease agreement with the Strathmore Hall Foundation for the new music center.

Under the Committee's plan, the county's obligation to maintenance and utilities at the Music Center will be reduced each year, beginning in fiscal 2006, reaching a total of \$3.6 million by 2014.

This plan will enable the County to provide the additional \$3.3 million necessary to complete construction of the Music Center.

As we all know, the original agreement to fund construction of the Music Center was that the County's contribution would not exceed \$45 million, and the total public sector contribution would not exceed \$90 million. That agreement must now be modified.

As we modify that agreement, placing a greater burden on the public sector, it is appropriate to modify the agreement regarding maintenance and operations of the facility, so that over the long term, county taxpayers will come out even.

We may have to eat the dirt sandwich, Mr. Subin, but the HHS Committee's plan makes it a little bit tastier.

We are asking private donors to bear a larger share of the maintenance and operating costs. This Music Center must be a real public – private partnership. It cannot be a government-only responsibility.

When the request for an additional \$9.6 million to complete construction of this facility first arrived at the Council, I, and several other Councilmembers, were angry. We felt that the Council's clear directive to keep this project at \$90 million had been disregarded. Several of us felt that the credibility of the Council was at stake. But anger is not a good frame of mind in which to make decisions.

All of us had questions we wanted answered, such as, why weren't we provided with earlier notice of the cost overruns? Had the architect and the contractor been made accountable for their share of responsibility for the overruns? Had every other option besides public funds been explored to pay for the overruns? What happened to the idea of selling naming rights for the Music Center? Could those proceeds be used to complete the construction project?

In the past few weeks, the HHS Committee has thoroughly and responsibly sought answers to these and many other questions. Our work sessions have not been conducted in anger, but in an effort to examine thoroughly why this supplemental appropriation was needed and what options existed to pay for it. The results of the committee's work can be found in the packet. I will also be very happy to answer any questions from my colleagues.

In the course of the Committee's work sessions, and through extensive discussion with County Executive Doug Duncan, this plan for a renegotiation of the Music Center's maintenance and operating expenses emerged.

This is a responsible plan that I believe represents good public policy. It is not a loan, as has been reported in the press. The resolution describes it as a "defrayment." We are issuing bonds to pay for the completion of the facility, and we cannot secure those bonds with a loan. The bonds are backed by the full faith and credit of Montgomery County government. But just as other landlords do, we are renegotiating with our tenant which party will pay for maintenance and utilities, and how much each party will pay. I own a rental property and my tenant is entirely responsible for utilities and partly responsible for maintenance.

Most importantly, and I hope my colleagues will listen carefully to me now, the HHS Committee's plan represents the only ticket out of this political crisis. The HHS Committee's plan is the only way that we can get six votes to pass the supplemental appropriation.

Although, as the packet shows, the HHS Committee addressed many complex questions regarding the financing of this facility, there is one question that simply did not arise during our work sessions, but which has recently emerged as a key point in this discussion. That is the question of how much money the Foundation should allocate to a sinking fund to pay for

unforeseen capital needs. As I understand it, DPWT has suggested that the Foundation should set aside funds for this purpose, but there is some uncertainty over how much money should be set aside and over what time frame.

I would be very happy to review this question with an open mind in the HHS Committee. We should address the issue of a sinking fund on its merits, and DPWT should provide the committee with a substantive analysis of how large a fund is prudent, and how much is set aside for other, similar projects.

I will not support any amendments today that address the question of a sinking fund because the HHS Committee has not had the chance to analyze this issue.

Nor will I support any amendments that seek to reduce the obligation that we seek from the private sector.

To those colleagues who have expressed concern over the HHS Committee's plan, I would ask, do you really believe that the public sector is not paying enough for this facility? Thus far, the private sector has raised about \$5 million for the Music Center. The public sector contribution dwarfs that: The county has contributed nine times that much and the total public sector contribution is 18 times that much. Do we really believe that the private sector should not be asked to contribute more? Whose interests are we here to represent? The HHS Committee's plan seeks to assure taxpayers that the county's general fund will not be overburdened with the ongoing responsibility for this center – even though the county will continue to pay a substantial part of the maintenance and operating costs, even under the Committee's plan.

I acknowledge that we are treading new ground with this Music Center, in many ways. The possibility exists that the Foundation will fall short of the ambitious fundraising goals we are setting for it. But I do not believe that possibility is a valid reason to oppose this plan. We must stop undercutting our own ability to succeed in fundraising. I have never heard of a fundraising strategy that begins by saying, "We just can't raise the money." This plan challenges the private sector to prove that it truly supports the Music Center. Let me tell you, of the people who have been calling me, urging my support for completing the facility, most of them have been blessed by God with the ability to become substantial private donors to the

facility. If the private sector had devoted as much energy to fundraising for the Music Center as it has lobbying us to provide public dollars for it, we might have solved this problem long before now.

We need to send a strong signal today that we support this project and are enthusiastic about opening the Music Center. We can do that by passing the HHS Committee's plan with a strong majority and then passing the supplemental unanimously.

Then we need to open the Music Center. Once the facility is open, and donors can experience it fully, I am confident that fundraising will become much easier.

This will be a world-class amenity that will permanently enhance our county's cultural landscape. I am bullish about Strathmore and I hope my colleagues will send a strong signal today that we are dispelling the cloud of controversy and allowing the bright sunlight of confidence to shine upon this project. The only way to do that is by passing the HHS Committee's plan.